

## Message Text

LIMITED OFFICIAL USE

PAGE 01 KINGST 04240 241619Z  
ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00  
FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02  
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 AGRE-00 NSC-05  
SS-15 STR-07 CEA-01 DOE-15 SOE-02 PA-01 H-01 L-03  
/111 W

-----102473 250245Z /70

R 241510Z MAY 78  
FM AMEMBASSY KINGSTON  
TO SECSTATE WASHDC 1365

LIMITED OFFICIAL USE KINGSTON 4240

E.O. 11652: N/A  
TAGS: EFIN, ECON, JM  
SUBJECT: VIOLATION OF WAGE GUIDELINES WOULD MEAN FURTHER  
DEVALUATIONS

REFERENCE: A. KINGSTON 3945 B. KINGSTON 4189  
C. KINGSTON 3637 D. KINGSTON 3752

1. IN A STATEMENT TO THE SENATE ON MAY 19, SENATOR  
RICHARD FLETCHER, MINISTER OF STATE IN THE MINISTRY OF  
FINANCE, ADVISED THE SENATE THAT IF WAGE GUIDELINES ARE  
BREACHED DURING THE PERIOD OF ECONOMIC RECOVER UNDER THE  
IMF TERMS (I.E. OVER THE NEXT THREE YEARS), THE WHOLE  
PACKAGE COULD NOT HOLD AND FURTHER DEVALUATIONS WOULD  
FOLLOW. SUCH DEVALUATIONS WOULD BE OVER AND ABOVE THOSE  
ANTICIPATED UNDER THE CRAWLING PEG REPORTED IN REFTELS  
A AND B. THE SENATOR ACKNOWLEDGED THAT PRESSURE OVER  
THE NEXT FEW MONTHS IN TERMS OF LIVING STANDARDS AND  
STRUCTURAL CHANGES "WILL BE MORE INTENSE THAN ANYTHING  
WE HAVE EXPERIENCED SINCE THE LAST WORLD WAR".

2. OPPOSITION FINANCE SPOKESMAN SENATOR BASIL BUCK  
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DESCRIBED THE ECONOMIC PACKAGE AS UNWORKABLE AND THE  
TAX PACKAGE AS TOO HEAVY. HE SAID THE PACKAGE COULD  
NOT WORK BECAUSE IT DID NOT COME TO GRIPS WITH THE  
PROBLEM OF MOTIVATING PEOPLE, PREDICTED AN INFLATION  
RATE OF OVER 40 PERCENT OVER THE NEXT TWELVE MONTHS  
AND A RATE OF 25 PERCENT ANNUALLY IN THE FOLLOWING  
YEARS. HE ADDED THAT JAMAICA WAS THE ONLY COUNTRY IN

THE REGION THAT REGISTERED NEGATIVE GROWTH BETWEEN  
1972 AND 1975, AND ATTRIBUTED THIS FACT TO POOR  
FINANCIAL MANAGEMENT.  
HAVERKAMP

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** WAGES, DEVALUATIONS, ECONOMIC PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978KINGST04240  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780220-0267  
**Format:** TEL  
**From:** KINGSTON  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780525/aaaaaupj.tel  
**Line Count:** 66  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 9264c397-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 KINGSTON 3945, 78 KINGSTON 3637  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2591027  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** VIOLATION OF WAGE GUIDELINES WOULD MEAN FURTHER DEVALUATIONS  
**TAGS:** EFIN, ECON, JM, (FLETCHER, RICHARD), (BUCK, BASIL)  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/9264c397-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
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20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014